

AMENDED IN SENATE SEPTEMBER 4, 2013

AMENDED IN ASSEMBLY MAY 2, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1109

**Introduced by Assembly Member Bonilla
(Coauthors: Assembly Members Atkins and Brown)**

February 22, 2013

An act to amend Section 50802 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL’S DIGEST

AB 1109, as amended, Bonilla. Emergency housing and assistance.

Existing law requires the Department of Housing and Community Development to administer the Emergency Housing and Assistance Program. Under the program, moneys from the continuously appropriated Emergency Housing and Assistance Fund are available for the purposes of providing shelter, as specified, to homeless persons at as low a cost and as quickly as possible, without compromising the health and safety of shelter occupants, to encourage the move of homeless persons from shelters to a self-supporting environment as soon as possible, to encourage provision of services for as many persons at risk of homelessness as possible, to encourage compatible and effective funding of homeless services, and to encourage coordination among public agencies that fund or provide services to homeless individuals, as well as agencies that discharge people from their institutions.

Existing law requires the department to distribute funds appropriated for activities providing for capital development programs, including acquisition, leasing, construction, and rehabilitation of sites for emergency shelter and transitional housing for homeless persons, as grants in the form of forgivable deferred loans, as prescribed. Existing law requires the department to terminate the grant and require the repayment of the deferred loan in full, if a transfer or conveyance of the project property that results in the property no longer being used as an emergency shelter or transitional housing occurs before the term of the loan expires.

This bill would provide that when property is transitioned from an emergency shelter or transitional housing to permanent ~~affordable housing, as specified,~~ *supportive housing* and serves people who are homeless or at risk of homelessness, an existing loan may be deferred and forgiven, as if the property had remained an emergency shelter or transitional housing. *Prior to a transition, the bill would require a project to obtain department approval to transition and would require the department to consider specified factors in determining whether to approve a transition. The bill would require a project transitioned to permanent supportive housing to have a loan term of 20 years. The bill would require the department to terminate the loan and would require repayment of the deferred loan in full if the project property is no longer used as permanent supportive housing for people who are homeless or at risk of homelessness.* By authorizing the use of continuously appropriated funds for a new purpose, this bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 50802 of the Health and Safety Code is
- 2 amended to read:
- 3 50802. (a) The department shall ensure that not less than 20
- 4 percent of the moneys in the Emergency Housing and Assistance
- 5 Fund shall be allocated to nonurban counties during any given
- 6 fiscal year. If the funds designated for facilities operation that are
- 7 allocated to nonurban counties are not awarded by the end of that
- 8 fiscal year, then those unencumbered funds shall be allocated in
- 9 the next fiscal year to urban counties. Funds for capital

1 development that are not awarded by the end of the second fiscal
2 year shall be awarded in the subsequent fiscal year to urban
3 counties.

4 (b) The amount of funds that the department allocates from the
5 Emergency Housing and Assistance Fund to each region, excluding
6 funds allocated pursuant to subdivision (a), shall be based upon a
7 formula that accords at least 20 percent weight to each of the
8 following factors:

9 (1) The relative number of persons in the region below the
10 poverty line according to the most recent federal census, updated,
11 if possible, with an estimate by the Department of Finance,
12 compared to the total of the urban counties.

13 (2) The relative number of persons unemployed within each
14 region, based on the most recent one-year period for which data
15 is available, compared to the total of the urban counties.

16 (c) Grant funds shall be disbursed as expeditiously as possible
17 by the department.

18 (d) The department shall use not more than 5 percent of the
19 amount available for funds pursuant to this chapter to defray the
20 department's administrative costs pursuant to this chapter.

21 (e) Notwithstanding any other provision of this chapter, the
22 department shall distribute funds appropriated for purposes of the
23 activities specified in paragraph (2) of subdivision (a) of Section
24 50803 as grants in the form of forgivable deferred loans, subject
25 to all of the following:

26 (1) (A) Funding shall be made available to each project as a
27 loan with a term of five years for rehabilitation, seven years for
28 substantial rehabilitation, or 10 years for acquisition and
29 rehabilitation or new construction. Each deferred loan shall be
30 secured by a deed of trust and promissory note. Repayment of the
31 loan shall be deferred as long as the project is used as an emergency
32 shelter or transitional housing. At the completion of the specified
33 year term, the loan shall be forgiven. If a transfer or conveyance
34 of the project property, however, occurs prior to that time that
35 results in the property no longer being used as an emergency shelter
36 or transitional housing, the department shall terminate the grant
37 and require the repayment of the deferred loan in full.

38 (B) If the property is transitioned from an emergency shelter or
39 transitional housing to ~~permanent affordable housing, including,~~
40 ~~but not limited to,~~ permanent supportive housing, and serves people

1 who are homeless or at risk of homelessness, the loan may also be
2 deferred and forgiven according to subparagraph (A), as if it had
3 remained an emergency shelter or transitional housing. *Prior to a*
4 *transition, a project shall obtain department approval to transition*
5 *to permanent supportive housing to ensure that the proposed*
6 *transition is consistent with this subdivision. In considering*
7 *whether to approve a transition, the department shall evaluate the*
8 *following factors: the compatibility of the permanent supportive*
9 *housing with the surrounding land uses, the suitability of the*
10 *building for use as permanent supportive housing, and project*
11 *financial feasibility. A project transitioned to permanent supportive*
12 *housing pursuant to this subdivision shall have a loan term of 20*
13 *years from the beginning of its approved use as permanent*
14 *supportive housing for people who are homeless or at risk of*
15 *homelessness. If a transitioned project property is no longer being*
16 *used as permanent supportive housing for people who are homeless*
17 *or at risk of homelessness, the department shall terminate the loan*
18 *and require repayment of the deferred loan in full.*

19 (i) For purposes of this subparagraph, “permanent supportive
20 housing” has the same meaning as the term “supportive housing,”
21 as defined in paragraph (2) of subdivision (b) of Section 50675.14.

22 (ii) For purposes of this subparagraph, “people who are
23 homeless” ~~includes~~ *means* individuals described in Section 11302
24 of Title 42 of the United States Code, and paragraph (2) of
25 subdivision (e) of Section 11139.3 of the Government Code.

26 (2) Applications for funding shall be made pursuant to
27 department-issued statewide “Notices of Funding Availability”
28 without the need for additional regulations.

29 (3) The department shall set forth the criteria for evaluating
30 applications in the “Notices of Funding Availability” and shall
31 make deferred loans based on those applications that best meet the
32 criteria.

33 (4) The department shall specify in the “Notice of Funding
34 Availability” both maximum and minimum grant amounts that
35 may be varied for urban and nonurban counties.

36 (5) Contracts for projects that have not begun construction
37 within the initial 12-month period shall be terminated and funds

- 1 reallocated. The department, however, may extend this period by
- 2 a period not to exceed 12 months.

O